

Message Text

LIMITED OFFICIAL USE

PAGE 01 LAGOS 04515 111248Z
ACTION AF-10

INFO OCT-01 ISO-00 AID-05 CIAE-00 EB-08 FRB-03 INR-10
NSAE-00 ICA-11 TRSE-00 XMB-02 OPIC-03 SP-02
LAB-04 SIL-01 OMB-01 /061 W
-----080945 112357Z /61

R 111140Z APR 78
FM AMEMBASSY LAGOS
TO SECSTATE WASHDC 7786
INFO USDOC WASHDC
AMCONSUL IBADAN
AMCONSUL KADUNA

LIMITED OFFICIAL USE LAGOS 4515

E.O. 11652: N/A
TAGS: EFIN, EINV, NI
SUBJECT: EXPATRIATE PERSONAL REMITTANCE CUT

1. BEGIN UNCLASSIFIED. LAGOS BANKERS REPORT THAT THEY RECEIVED
CENTRAL BANK DIRECTIVE APRIL 7 WHICH REDUCES AMOUNT OF NAIRA
SALARY EXPATRIATES CAN CHANGE INTO HARD CURRENCY AND SEND OUT OF
COUNTRY FROM 50 PERCENT GROSS TO 50 PERCENT NET, I.E., AFTER
INCOME TAXES. NIGERIAN INCOME TAXES ARE GRADUATED WITH MOST EX-
PATRIATE SALARY LEVELS FALLING INTO THE 25 TO 50 PERCENT RANGE.
SALARIES TAXED AT 50 PERCENT RATE WOULD YIELD A REMITTANCE
CEILING OF 25 PERCENT. MEASURE TAKES EFFECT IMMEDIATELY. END UNCLAS-
SIFIED.

2. BEGIN LOU. COMMENT: THE EFFECT OF NEW MEASURE WOULD BE
TO SADDLE EXPATRIATES WITH UNWANTED NAIRA, UNLESS EMPLOYER
OFFSETS MEASURE. ALTHOUGH THE REMITTANCE CUT SUPPLIED PLENTY OF
AMMUNITION FOR LAST WEEKEND'S COCKTAIL PARTIES, EMBASSY
BELIEVES THAT MEASURE WILL NOT HAVE MAJOR IMPACT ON FOREIGN
INVESTMENTCLIMATE. FOREIGN FIRMS MAY BE FORCED TO INCREASE
FRINGE BENEFITS PAID IN HARD CURRENCIES ABROAD TO
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COMPENSATE THEIR EXPATRIATE PERSONNEL FOR NAIRA NON-
CONVERTABILITY PROBLEMS CAUSED BY NEW
DIRECTIVE. CLEARLY, THIS WOULD INCREASE THEIR COST OF
DOING BUSINESS IN NIGERIA BUT DECISIVE FOREIGN INVESTMENT
CRITERIA ARE MANAGEMENT CONTROL AND ADEQUATE COMPENSATION
FOR TECHNICAL AND MANAGERIAL SERVICES.
EASUM

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NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: EXPATRIATES, FOREIGN EXCHANGE CONTROLS
Control Number: n/a
Copy: SINGLE
Draft Date: 11 apr 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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Film Number: D780156-0524
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From: LAGOS
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t19780471/aaaacidf.tel
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Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 7c4720b3-c288-dd11-92da-001cc4696bcc
Office: ACTION AF
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
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Previous Handling Restrictions: n/a
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TAGS: EFIN, EINV, NI
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